SOUTHERN INSURGENCY

# Southern Insurgency

## The Coming of the Global Working Class

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# *Introduction: The New International Working Class*

In the spring of 2014 a wave of unprecedented mass strikes in strategic industries in China, India, and South Africa defied the established wisdom among investors that low-wage workers pose no threat to corporate profit margins. Three years earlier, in 2011, came the first troubling indications that direct action by electronics, automotive, clothing, and mining workers could pose a risk to multinational investors and brands. In a growing range of industries, worker protests over wages and conditions could only be suppressed by armed state repression and violence. The spread of labor militancy across the Global South raises crucial questions about the revival of a global labor movement and the capacity of states and labor unions to contain dissent in such a way as to restore confidence in capital markets.

In the 2000s the labor insurgencies that have rocked the world economy have been set off by migrant workers and their children, who constitute a large share of the global working class. Migrant workers are constantly being recruited by contractors to replenish the supply of low-wage labor available to capital. Since the 1990s, the vast majority of migrant laborers working in China, India, and South Africa have been peasants and their families, who have moved to industrial zones and who typically lack residency and work privileges equivalent to those enjoyed by urban inhabitants.

The rapid industrialization that has occurred in the Global South over the past four decades now dominates global working patterns. The ascendancy of production workers in these new production centers today substantially overshadows the historical size of the working class of mass production in the Global North during its

heyday in the 20th century. As debates on the left increasingly focus on the proliferation of financial investments, this book redirects attention to the profound significance of manufacturing and mining workers, who have been often disregarded in the mature economies of the Global North as investment has been redirected to factories and installations in the Global South, resulting in a new working class in education, the public sector, finance, and a proliferation of commercial jobs.

This book will show that the industrial working class has not disappeared but has been relocated and reconstituted in the South in larger numbers than ever before in history. Financialization and speculation are responsible for the closure of factories and the reduction in the number of middle-income jobs in mature economies of the Global North, while accelerating the expansion of a low-wage and insecure work force in the newly industrialized South. This contemporary system of neoliberal capitalist global accumulation distorts economies through investment in finance, real estate, derivatives, and other financial instruments, and has threatened the world economy to the point of disruption through speculative investments, increasing inequality worldwide as well as between North and South.

## HERE COMES THE POST-INDUSTRIAL ECONOMY

As in the North, workers in the South face constraints imposed by workers' movements that are legacies of 20th-century capitalism, and are struggling to build new working-class institutions that will redefine the shape of class conflict for the next 50 years. In the 1970s the assault on the working class was in full swing, as capital and the state united in opposition to the representation of existing unions and the welfare state forged by the labor movements of the early 20th century. To capital, organized labor posed an obstacle to expanding corporate profits and restoring absolute hegemony in the workplace. Over the next four decades a resurgent capitalist class conducted a fierce war against labor unions in the West, turning them from a formidable force in major industries into a weak irritant at best.

At the same time, the very existence of a working class was also called into question by leading scholars on the right and the left. While the right wing declared the working class dead and a false construct, leftist scholars were also challenging the legitimacy of the working class as a force for social equity and transformation. Yet, more than 40 years after the onslaught of the economic, political, and intellectual offensive against organized labor throughout the world, the working class has a heartbeat and is stronger than ever before despite the dramatic decline in organized labor. This assessment is rooted in an empirical examination of workers' movements over the last decade which can no longer be contained by the state and international monopoly capital. While it may be the case that the labor movements in Europe and North America are a spent force, it is their very defeats that have marginalized their existing supine and bureaucratic order and regenerated a fierce workers' movement in the early 21st century.

Meanwhile the capitalist development of the South has regenerated Marxist debates about the nature of the working class, with industrialization for export stimulating the unambiguous presence of a class structure that traverses geographic boundaries. This book argues that the North applied models of representation in the South that contained the scope of worker representation within narrow boundaries, restricting worker mobilization. As the developing and emerging economies in the South have followed the pattern of the North, workers are choosing new means to advance their interests. It is in the South that workers have shaken off the shackles and restraints imposed by the labor movement.

Momentous and unexpected labor uprisings and mass strikes are unfolding today among migrant workers in urban industrial zones who to varying degrees are challenging the neoliberal capitalist project. The intensity of these class conflicts in mines and factories was not envisaged by foreign investors, multinational corporations, and private contractors – or by many leftist scholars and activists in the West. Labor scholars agonized about the relocation of well-paid manufacturing jobs and the rise of a post-industrial economy, and a consensus emerged among advocates of free markets on the right and progressives on the left that work was no longer

relevant to society or to popular aspirations, human freedom, and revolutionary transformation.

As early as 1973 sociologist Daniel Bell and champions of free market capitalism attributed the inexorable decline of the American working class to the vanishing of key manufacturing industries in the United States and the growth of information and new technology, while neither appreciating the importance of minerals nor considering the ongoing necessity to produce clothing, cars, and electronics. Somehow every region of the world would have to shift from farming, mining, and manufacturing to reach the status of a post-industrial society.[1] While Bell dismisses the obvious class differences within Western societies he is indifferent to the necessity of industrial production under capitalism.

Leftists and postmodernists have adopted the identical language of free market apologists for multinational capital. *Farewell to the Working Class* was declared by French political theorist André Gorz in 1980, auguring a post-industrial socialism free of workers. To Gorz, the socialist aspirations of the working class are 'as obsolete as the proletariat itself', and they have been supplanted by a 'non-class of non-workers' who have been created by the 'growth of new production technology' and will abolish all classes 'along with work itself and all forms of domination.'[2]

Bell and Gorz concur that post-industrialism has replaced capitalism and class conflict, and that collective class unity is a figment of the imagination or an ideology that is dominated by the hegemony of a declining or unrepresentative class of workers in post-industrial society. Post-industrialism is a reality in the North principally because of the vast differences in wages and social benefits, and the growing dependence on highly exploited workers in the South who produce essential goods and services for multinational capital and also low-cost goods and services predominantly for consumers in the West. Meanwhile the well-founded assertion among labor unions and proponents of manufacturing workers in the North is that corporate relocation of production to low-wage regions and states in the South has been at the expense of good manufacturing jobs.

The case studies in this book investigate the developing labor militancy and direct action in the early 21st century among

production workers in China, India, and South Africa, where employers exploit differences to create hierarchical systems of relative favoritism to promote lower wages and poorer conditions for all laborers. In each case, contractors and employers have hired young migrant workers with limited social ties to work in mines and factories. Employers also seek to divide workers on the basis of age, caste, ethnicity, and gender. Each case study demonstrates that industrial workers engage in a range of tactics and strategies to advance their collective interests both within and outside existing trade unions and organizational structures. The case studies, drawn from South African mines, Indian auto factories, and Chinese shoe producers, reveal that industrial workers mobilize around collective interests in order to improve their conditions. Although the particular workers in each struggle face dissimilar challenges and, at least in the case of India, have been defeated and imprisoned en masse for mobilizing collectively, they expose the growing activism among workers that is transforming itself into mass movements with unique characteristics in each country.

## WHY GLOBAL SOUTH WORKERS?

In each of this book's case studies I examine the composition of workers, the nature of their struggle, and the relationship of emerging rank-and-file workers' movements to existing unions and the state, together with their outcomes. While factories continue to close in Europe, Japan, North America, and throughout the world, global production is growing dramatically. Yet for more than 40 years researchers and journalists have pondered the working class mostly without consideration of the vast majority of workers who are laboring in the Global South. At a time when public attention spotlights the integration of these developing and emerging countries into the world capitalist economy, little attention is paid to corporate repression and worker resistance in the modern factories and mines that are integral to the world economy. Most media coverage of mass labor disputes is in the international financial press, and is oriented to providing vital information on key industries to foreign investors.[3]

At a time when academics are struggling to locate any sign of life among amorphous working classes in Europe and North America, worker struggles are rampant throughout the South. Three areas of inquiry among sociologists of work and political economists mainly studying labor in the North at present are precarious workers, unpaid work, and affective (or emotional) labor. New research, meanwhile, looks at potential forms of work in unstructured and often unregulated labor markets that are filled by day laborers, domestic workers, sex workers, street peddlers and food cart operators, temporary laborers, and for-hire drivers, all mainly employed in the informal economy.[4]

The discovery of workers in the informal economy with few legal rights reveals their weakness and their dependency on non-governmental organizations (NGOs) and advocacy groups, and on political and electoral advocacy to defend and expand their rights. In the United States, campaigns to improve the conditions of fast-food outlet and Walmart department store workers are pursued primarily by advocates and by external union and community organizers to generate public attention for the purpose of raising the minimum wage, with the hazy prospect of organizing workers into unions down the road.[5] The reconstitution of the labor force in the Global North from manufacturing and production to services and commerce is weakening the ability of workers in the West to organize unions. It is far more difficult to organize part-time and temporary service, retail, and hospitality workers employed at Starbucks, Tesco, or Walmart with irregular hours and nebulous connections to the workplace than industrial workers at Ford or Nissan who work full-time in their factories.

Neoliberal economists and philosophers have only recently recognized the consequences of the capitalist neoliberal globalization that began in the 1980s. The development of the working class in the South is illustrated in Table 1.1, which compares total male and female employment in agriculture, industry and services from 1999 to 2009. Table 1.2 shows that although the workforce in the developing South is far larger, the developed North generates significantly higher value added in industry and services despite the expansive growth in foreign direct investment (FDI). In this way,

**Table 1.1** Total male and female employment by sector, world, and regions (millions)

| | Agriculture | | | | Industry | | | | Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1999 | 2007 | 2008 | 2009 | 1999 | 2007 | 2008 | 2009 | 1999 | 2007 | 2008 | 2009 |
| World | 1,038.9 | 1,056.8 | 1,061.2 | 1,068.1 | 533.2 | 659.5 | 668.5 | 666.4 | 1,010.8 | 1,267.3 | 1,299.2 | 1,316.7 |
| Developed economies and European Union | 24.8 | 18.7 | 17.8 | 17.5 | 122 | 119.3 | 117.9 | 109.8 | 296.1 | 338.4 | 343.3 | 341.1 |
| Transition economies | 39.1 | 32 | 32.6 | 32.3 | 35.3 | 40.9 | 40.8 | 39.5 | 70.1 | 87.2 | 88.4 | 88.6 |
| East Asia | 354.3 | 314.2 | 305.1 | 299.7 | 176.1 | 219 | 222.3 | 226 | 209.5 | 273.7 | 281.3 | 287.3 |
| South-East Asia and the Pacific | 115.8 | 122.2 | 123.7 | 124.5 | 37.4 | 48.8 | 49.2 | 49.9 | 81.5 | 100.4 | 103.8 | 106.8 |
| South Asia | 299.7 | 330.4 | 339.3 | 346.6 | 77.7 | 117 | 119.7 | 122.2 | 126.2 | 170.6 | 175.1 | 179 |
| Latin America and the Caribbean | 43.4 | 41.7 | 41.4 | 41.2 | 43.3 | 55.5 | 57.3 | 56.1 | 115.5 | 148.9 | 153.2 | 155.9 |
| Middle East | 10.1 | 12.2 | 11.9 | 12 | 11.8 | 15.8 | 15.9 | 16.4 | 23.7 | 31.6 | 33.2 | 34.4 |
| North Africa | 14.4 | 17.9 | 18.2 | 18.4 | 10.1 | 13.7 | 14.4 | 14.9 | 24.7 | 31.3 | 32.3 | 32.9 |
| Sub-Saharan Africa | 137.5 | 167.5 | 171.2 | 175.9 | 19.4 | 29.5 | 30.9 | 31.7 | 63.4 | 85.3 | 88.7 | 90.7 |
| Total for developing and transition economies | 1,014.3 | 1,038.1 | 1,043.4 | 1,050.6 | 411.1 | 540.2 | 550.5 | 556.7 | 714.6 | 929 | 956 | 975.6 |
| Share of developing and transition economies in world total (%) | 97.6 | 98.2 | 98.3 | 98.4 | 77.1 | 81.9 | 82.3 | 83.5 | 70.7 | 73.3 | 73.6 | 74.1 |

Source: International Labor Organization (2011) *Global Employment Trends 2011: The Challenge of a Jobs Recovery*, Table A11: Employment by sector and sex, world and regions (millions), Geneva: United Nations, p. 68.

**Table 1.2** Value added by activity in 2010 (US$ billion)

| | Agriculture | Industry | Services | Total |
|---|---|---|---|---|
| Developed countries | 400 | 12,400 | 31,700 | 44,500 |
| Developing countries | 2,100 | 5,000 | 10,600 | 17,700 |
| World | 2,500 | 17,400 | 42,300 | 62,200 |

Source: UN Statistics Division (2014) 'GDP and its breakdown at current prices in US Dollars' (http://unstats.un.org/unsd/snaama/dnltransfer.asp?fID=2).

Note: Agriculture includes farming, fishing, and forestry. Industry includes mining, manufacturing, energy production, and construction. Services cover government activities, communications, transportation, finance, and all other private economic activities that do not produce material goods.

the rate of labor exploitation is far higher in the Third World than in developed countries.

## GLOBAL CAPITAL INVESTMENT AND CLASS STRUGGLE

Why does foreign capital dictate the conditions of work and the rise of corporate absolutism in the Global South in which workers are prevented from forming independent unions? State authorities collude directly with foreign corporations, often with the complicity or indifference of unrepresentative enduring unions, in order to ensure a friendly environment for investment that prevents workers from being able to form independent unions. As we shall see in Chapters 4, 5, and 6, independent workers' unions are opposed by governments in India, South Africa, and China. Since the 1980s, new export processing zones (EPZs) have been rapidly growing to create industrial regions near strategic urban agglomerations. These industrial production zones ban the formation of independent workers' organizations unless they are company unions firmly under the control of employers, to ensure the preservation of low-cost manufacturing.[6]

Workers in neoliberal states must deal with corporatist unions and antiquated labor laws that were created for workers in the Global North, while state capitalism in China prevents workers from creating independent unions. This research examines the similari-

ties and differences between neoliberal and market socialist regimes for industrial workers employed in a global system, regarding class power, wages, and conditions. We will find surprising outcomes: official union bodies that are disconnected from workers (ACFTU in China) may lead to better outcomes than cases where workers are coopted through corporatist structures (COSATU in South Africa), or simply ignored by the state (India).

In the global world economy, monopoly capital promotes the export of migrant workers to strategic destinations in the Global South and Global North so as to expand reserve armies of labor and continue the conditions necessary for low wages and unsecure conditions among all workers. As unemployment grows exponentially through urban and international migration, labor and wage costs are reduced and restrained. As Foster and McChesney write in *The Endless Crisis*:

> The new imperialism of the late twentieth and twenty-first centuries is thus characterized, at the top of the world system, by the domination of monopoly-finance capital, and, at the bottom, by the emergence of a massive global reserve army of labor. The result of this immense polarization is an augmentation of the 'imperialist rent' extracted from the South through the integration of low-wage, highly exploited workers into capitalist production. This then becomes a lever for an increase in the reserve army and the rate of exploitation in the North as well.[7]

The immense inequality in wage costs across industries is demonstrated in Figures 1.1 to 1.4, which show international comparisons of hourly labor costs in the primary textile industry, labor costs in manufacturing industries in different countries, average hourly manufacturing wages, and hourly compensation costs in manufacturing in selected countries. Foster and McChesney marshal International Labour Organization (ILO) and UN Conference on Trade and Development (UNCTAD) data to demonstrate incontrovertibly that while industrial production contracted in the Global North from 1980 to 2007, production in the South has expanded, and global

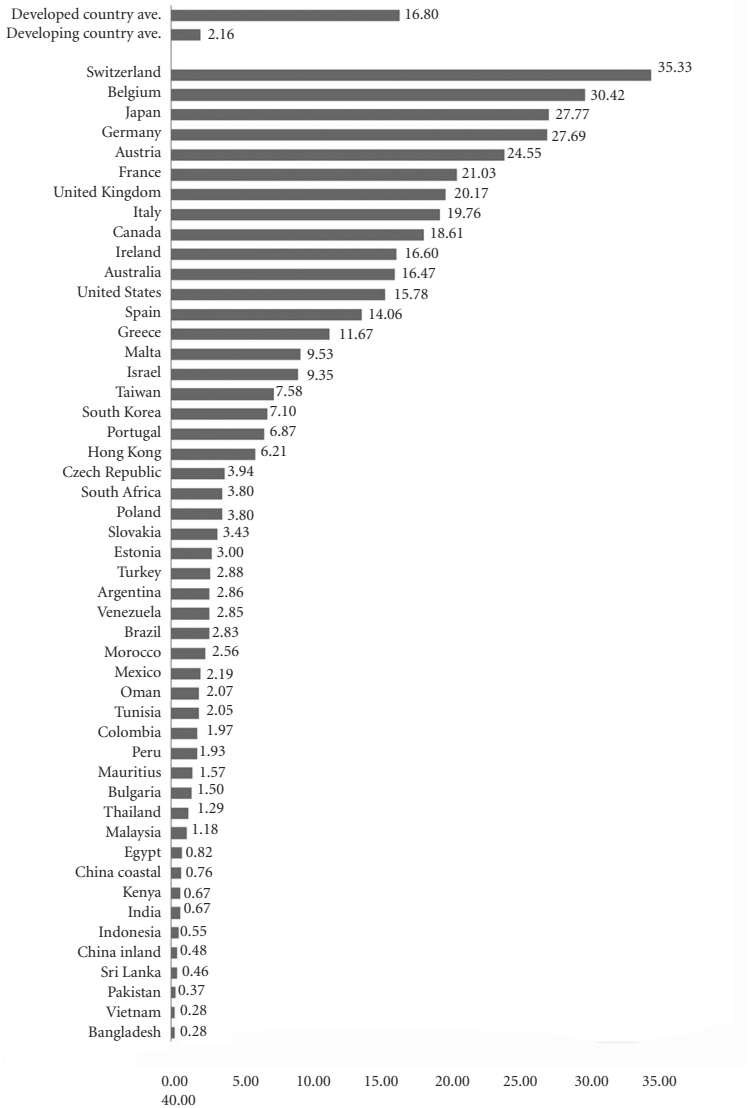


**Figure 1.1** International comparison of hourly labor costs in the textile industry, 2011 (in US$)

Data source: Werner International Management Consultants Report, 2011, www.ukft.org/documents/industryinformation/04-ASSOC-INDSTRAT-122-2012AII-Werner%20Textile%20Labour%20Costs.doc%5B1%5D.PDF